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Your Employee Benefits Book 2000

AR 00367

Your Employee Benefits

2000

AR 00368

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Dear Employee:

We are pleased to provide you with the 2000 edition of *Your Employee Benefits*. This book replaces the 1998 *Your Employee Benefits* book and 1999 Supplement and describes in detail the many benefit programs offered to you as an employee.

Your Employee Benefits is organized in basically the same manner as the 1998 edition, including a table of contents, seven chapters and an index of major subjects. You may need to review the table of contents or index to locate information on a specific topic. This edition, however, has been formatted differently to improve readability. Each page has two columns of text and all sidebars have been removed and included as part of the text. Benefit changes made during 1999 and for 2000 are included in this *Your Employee Benefits* book. The major changes include:

- Implementation of a 24-hour nurse, health information and education line for employees and their dependents enrolled in one of the health options mentioned in (2) below.
- Lifetime maximum health benefit increased from \$1,000,000 to \$2,000,000.
- Optional Life Insurance maximum coverage increased from \$200,000 to \$300,000 (when electing three times your annual base salary).
- Average earnings used for calculating your Pension benefit are now based on your highest five years of annual earnings. It is no longer required that the five years be consecutive.

Following is a brief description of these seven chapters and important points to note.

- (1) **Introduction** – Basic information about all benefit plans and programs, including plan funding, plan administration and the claims and appeal process.
- (2) **Health Care – Medical, Prescription Drug, Dental and Vision Benefits** – Description of your medical, prescription drug, dental and vision benefits.

The health options listed below are described in detail in this book.

- FedEx Point of Service (POS)
- FedEx Health Maintenance Organization (HMO)
- FedEx California Preferred Provider Organization (PPO)
- FedEx Memphis Preferred Provider Organization (PPO)
- FedEx Basic Health Coverage

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Please use the headings at the top of each page in this chapter to ensure you are referencing health plan information for the particular option that covers you.

Local HMOs are not described in this book. Information about local HMOs is provided directly to participants by the individual HMO.

- (3) **Disability** – Description of Short Term and Long Term Disability benefits, Workers' Compensation and the Temporary Return to Work Program.
- (4) **Life Insurance** – Description of all life insurance available to employees, both Company provided and optional coverages.

- (5) **Retirement Plans** – Description of the Pension Plan and Profit Sharing Plan (PSP), including the Retirement Savings Plan (RSP) Account and Optional Savings Plan (OSP) Account.
- (6) **Other Benefits and Services** – Description of additional benefits provided that are available to employees.
- (7) **What to Do When** (blue pages) – Information about what you or your survivors should do in the event of termination of employment, retirement, death, leave of absence and suspension.

This section has been organized to make it easier for you or your survivors to understand what needs to be done for certain life events. Convenient charts have been added that give you a general understanding of how these events will affect your benefits. Retiree health information can also be found in this section.

Your Employee Benefits is issued periodically. If a benefit program changes before the next printing, we will provide you with updates through employee publications to ensure that up-to-date information is available for you and your family.

Please take time to look through this book. You will see how your benefits work to help provide you with financial security both now and in the future. Your benefits are a very important part of your total compensation package. They represent our ongoing commitment to the welfare and security of our employees and their families.

Sincerely,

Employee Benefits Department

Your Employee Benefits helps you understand the company-wide benefits FedEx offers. It covers:

- Basic information on the organization, administration and funding of benefits, and your rights
- Descriptions of each part of your benefits package (including procedures for enrollment and filing claims)
- Suggestions on benefits available from other sources

ORGANIZATION

For an overview of the contents of this book, see the table of contents. To find specific topics, turn to the index at the back of the book.

EXTRA COPIES

Additional copies of *Your Employee Benefits* may be ordered through LOGOS. Request LOGOS Part 115060.

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Introduction

Your Federal Express employee benefits program offers a comprehensive package that gives you financial security during your working years and retirement.

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Introduction

Your compensation at FedEx is more than your paycheck. It includes a comprehensive benefits package that gives you financial security during your working years and during retirement. However, you are not eligible to participate in many aspects of the Benefit Program the day your terms and conditions of employment are covered by a collective bargaining agreement, unless the agreement specifically incorporates a particular plan.

Your benefits are continually expanding and increasing in value each year.

This book explains each benefit as simply and accurately as possible. Each benefit in this book is based on a formal document or contract.

If there is a conflict between this book and official plan documents, the plan documents always govern. You are not entitled to benefits because of a misstatement in or omission from this book.

The Benefit Program

Major Benefits

Your benefits package is made up of many interrelated plans that help provide you and your family with increased financial security. Major parts of your total Benefit Program are as follows:

Benefit Plans	Major Benefits
Group Health	Medical (includes Mental Health/Substance Abuse, Prescription Drug, Dental, Vision)
Short Term Disability (STD)	Disability
Long Term Disability (LTD)	
Basic Life Insurance	Life Insurance
Optional Life Insurance	
Survivor's Income Benefit	
Basic Accidental Death and Dismemberment (AD&D)	
Optional AD&D	
Business Travel Accident	
Pension	Retirement
Profit Sharing Plan (PSP), including Retirement Savings Plan (RSP) and Optional Savings Plan (OSP) Accounts	
Social Security	
Dependent Care Reimbursement Account	Salary Deferral Plans
Health Care Contribution Account	

The Company monitors these benefits and measures their overall effectiveness on an ongoing basis. Analyses are done that look at the following internal and external factors:

- Company's financial condition
- Employees' economic and social needs
- National economic conditions
- Competitive practice
- Legislative issues

Other Benefits and Services

The benefits listed below complete your benefits package. Brief descriptions of these benefits are included in this book. Additional information for some of these benefits may be found in the People manual or the *Federal Express Employee Handbook*.

- FedEx Catalog Store
- Corporate Travel
- Credit Association
- Employee Discount Shipping

- Employee Stock Purchase Plan
- Federal Express Employee Association (FEEA)
- Flower Program
- Jumpseat
- LifeWorks
- MED-QUEST/Health & Wellness
- People Help
- Service Awards
- Tuition Refund
- Workers' Compensation

The right is reserved to terminate, modify or suspend any plan or program by a written amendment signed by an officer; a resolution of the FDX Corporation Board of Directors or any committee of the Board; a resolution of the FDX Corporation Retirement Plan Investment Board; or an amendment or termination of the underlying contract, where applicable, executed by an officer or other authorized person.

Plan Funding Methods

The funding method of FedEx's benefit plans can be separated into four categories:

- Trusteed
- Insured
- Payment from general assets
- Salary deferral

Trusteed Plans

Assets for *trusteed plans* accumulate and are invested in separate trust funds maintained by designated trust companies. Benefit payments are paid from these trust funds.

Trusteed Plans	Trustee
Group Health	The Northern Trust Company 50 South LaSalle Street Chicago, IL 60675
Long Term Disability (LTD)	
Pension	
Profit-Sharing Plan (PSP), includes Retirement Savings Plan (RSP) and Optional Savings Plan (OSP) Accounts	Vanguard Fiduciary Trust Company Attn: Plan #093111 100 Vanguard Boulevard Malvern, PA 19355

Insured Plans

For *insured plans*, premiums are paid to an insurance company. Benefit payments are paid by the insurance company. Local HMOs are available in specified regions and are considered insured health plans.

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Insured Plans	Insurance Company
Basic Life Insurance	Jefferson Pilot Life Insurance Company P.O. Box 20727 100 N. Greene Street Greensboro, NC 27420
Survivor's Income Benefit	
Business Travel Accident	Continental Casualty Company CNA Plaza Chicago, IL 60685
Basic and Optional Accidental Death and Dismemberment	
Optional Life Insurance	Prudential Insurance Co. of America 290 West Mount Pleasant Avenue Livingston, NJ 07039

General Asset Plans

General asset plans are paid for by Federal Express Corporation directly from its general assets.

General Asset Plans	Company
Short Term Disability (STD)	Federal Express Corporation
Tuition Refund	
Employee Assistance Program (People Help)	

Salary Deferral Plans

Salary deferral plans are paid out of the pretax salary deferrals of employees. Salary deferral plans include:

- Health Care Contribution Account
- Dependent Care Reimbursement Account
- Retirement Savings Plan (RSP) Account

Claim Administration

Benefit payments are made by the following companies for the identified benefits. See "Claims and Appeals" on page 7 for information on the claim reconsideration and appeal process.

Refer to the following chart for the appropriate address of where to send appeals:

Plan	Company
Group Health Plan Medical Benefit FedEx Memphis PPO FedEx Basic Health Coverage	United HealthCare Corporation* (UHC) Group Health Claims P.O. Box 740800 Atlanta, GA 30374-0800 1-800-638-0153 COMAIL: FTY-UH/GA/30263-000 Internet: www.unitedhealthcare.com
FedEx POS FedEx HMO FedEx California PPO FedEx Retiree Basic Health Coverage	CIGNA HealthCare claims office listed on your CIGNA identification card* 1-800-438-3970 Internet: www.cigna.com

*Send appeals to:
Federal Express Corporation
Employee Benefits Services/Quality
P.O. Box 727
Memphis, TN 38194-9320

*** Send appeals to:**
Federal Express Corporation
Employee Benefits Services/Quality
P.O. Box 727
Memphis, TN 38194-9320

Plan	Company
People Help Employee Assistance Program Mental Health and Substance Abuse Treatment Benefit	Magellan Behavioral Health*/People Help P.O. Box 2218 Maryland Heights, MO 63043 1-800-274-4357 COMAIL: STL-PHP/MO/63043-000 DEPT: People Help Program Internet: www.magellanassist.com
Short Term Disability (STD) Long Term Disability (LTD)	Kemper National Services 1601 Southwest 80th Terrace Plantation, FL 33324 1-800-757-0207 COMAIL: FXE-DV/FL/33025-0000 Send appeals to: Kemper National Services 1601 Southwest 80th Terrace Plantation, FL 33324
Dependent Care Reimbursement Account	FlexBen Corporation* 2250 Butterfield Drive Troy, MI 48064 1-800-577-3322 COMAIL: PTK-AMV/48064
Pension Plan**	Retirement Service Center* Federal Express Corporation P.O. Box 727 Memphis, TN 38194-9321 1-800-525-4478 Nationwide 901-397-4800 Memphis
Profit Sharing Plan**	Vanguard Fiduciary Trust Company* Attn: Plan #093111 100 Vanguard Boulevard Malvern, PA 19355 1-800-523-1188
Basic and Optional Accidental Death and Dismemberment Business Travel Accident	Continental Casualty Company* CNA Plaza Chicago, IL 60685
Basic Life Insurance and Survivor's Income Benefit	Jefferson Pilot Life Insurance Company* P.O. Box 20727 100 North Greene Street Greensboro, NC 27420
Optional Life Insurance	Prudential Insurance Co. of America* Group Life Claims Division P.O. Box 1215 Newark, NJ 07101-1215
COBRA	Automated Data Processing (ADP) P.O. Box 27478 Salt Lake City, UT 84127-0478 1-800-422-7609

** For Qualified Domestic Relations Orders, contact or
send order to:
FedEx QDRO Administration
William M. Mercer, Inc.
462 South Fourth Avenue, Suite 1500
Louisville, KY 40202-3431
502-561-7809

* Send appeals to:
Federal Express Corporation
Employee Benefits Services/Quality
P.O. Box 727
Memphis, TN 38194-9320

Plan Administration

Plan Identification

The IRS has assigned employer identification number 71-0427007 to FedEx. Each FedEx benefit plan is also assigned a plan number by FedEx. The plan numbers and plan administrators or third party administrators (TPA) for the various employee

benefit plans are listed in the following table. The plan administrator, and in some cases the plan's claims paying administrator or TPA, has the authority and discretion to interpret the plans' provisions and to determine eligibility to receive benefits under the plans. FDX Corporation and FDX Logistics Inc. are participating employers in all of these plans except the Tuition Refund Program.

Plan	Plan Number	Plan Administration
Profit Sharing RSP Account OSP Account	001	Federal Express Corporation P.O. Box 727 Memphis, TN 38194-9321
Pension	002	Retirement Service Center Federal Express Corporation P.O. Box 727 Memphis, TN 38194-9321 1-800-525-4478 Nationwide 901-397-4800 Memphis
Group Health (Medical, Prescription Drug, Mental Health/Substance Abuse, Eligibility, Dental, Vision)	501	Employee Benefits Federal Express Corporation P.O. Box 727 Memphis, TN 38194-9320 1-800-525-4478 Nationwide 901-397-4800 Memphis
Long Term Disability	502	
Business Travel Accident	503	
Basic and Optional Accidental Death and Dismemberment	504	
Employee Assistance Program (People Help)	505	
Basic Life Insurance	511	
Short Term Disability	512	
Survivor's Income Benefit	513	
Dependent Care Reimbursement Account	516	
Health Care Contribution Account	517	
Optional Life Insurance	514	The Prudential Insurance Company of America 290 West Mount Pleasant Avenue Livingston, NJ 07039
Tuition Refund Program	515	Leadership Institute Federal Express Corporation P.O. Box 727 Memphis, TN 38194-3711 901-922-6096

Plan Year

The plan year for these benefits begins on June 1 and ends on May 31 of each year, except for the Dependent Care Reimbursement and Health Care Contribution Accounts. They are based on a calendar plan year.

Claims and Appeals

Filing a Claim - Your Rights

If you think you are eligible for a plan benefit, you must file a claim, if applicable. You alone are

responsible for making sure your claim is filed accurately and on time. Procedures are included with the discussion of each plan benefit. Once the claim has been documented and you have filled out all needed forms, the people who handle your claim should process it within 90 days. Sometimes more time may be needed if additional information is required. If this happens, you are notified in writing of the delay and what is needed to complete the processing of your claim.

Reconsidering a Claim – Your Rights

If your claim for benefits is denied in whole or in part, you will be notified in writing by an Explanation of Benefits or a denial letter from the appropriate third party administrator (TPA) or claims paying administrator (e.g., United HealthCare, MetLife, CIGNA, Kemper, Magellan for People Help, Davis Vision, ADP, Caremark or RxPRIME) within 60 days of the denial. You have the right to request a reconsideration of the denied claim by calling or writing the claims paying administrator. You should provide any additional information you feel would support your claim.

When applicable, the appropriate claims paying administrator will review your claim and pay benefits or continue to deny your claim. If denied, a letter will be sent to you with an explanation of the specific reason for the denial and information on how to appeal your claim, should you wish to pursue it further.

Appealing a Denial – Your Rights

If your claim has been reconsidered, where applicable, by the claims paying administrator and benefits continue to be denied, you will receive a letter explaining the specifics of the denial. It is your responsibility to provide information to support your claim. You have the right to request a full and fair review of that claim and its denial. Your request must be submitted in writing to the address provided in the denial letter within 60 days from the date the claims paying administrator sends its written denial of the claim. The only exception to this 60-day rule is for benefits from the Group Health Plan, the Short Term Disability Plan and the Long Term Disability Plan. For those plans, a written request for review will be timely if it is submitted within 60 days of the date you regain your competence, if you were incompetent when the written denial was sent to you and no guardian was appointed for you, or within 60 days of the date a guardian is appointed for you. As part of this review, you or your representative has the right to review all pertinent documents and submit issues and comments in writing to the appropriate appeal committee.

Your appeal will be prepared for presentation to an appeal committee for the final decision. The plans provide that the appeal committee has the authority and discretion to interpret the plans' provisions and to determine eligibility under the plans to receive benefits. This means that the committee's decision

will only be reviewed by a court if it finds that the committee's decision was unreasonable and not supported by substantial evidence.

The appeal committee normally issues a decision on your case within 90 days of receipt of your request. This decision is sent to you in writing and includes the specific reasons and references to the plan provisions on which the decision is based.

If you fail to request the review within the time previously described under this topic, you will be denied a review and you may be giving up legal rights to later contest the denial of benefits. You should receive a letter from the Quality and Performance Department within 10 days telling you that your request for appeal has been received. If you do not receive this letter, you should call the Quality and Performance Department at 1-800-525-4478 or 397-4800 in Memphis to ask about your appeal.

Legal Action

If you want to take legal action for any reason related to your benefit claim, you may serve the summons and complaint on FedEx at:

Federal Express Corporation
P.O. Box 727
Memphis, TN 38194-1842
Attention: Legal Department

Legal process may also be served on the plan's trustee or FedEx's corporate agent responsible for receiving legal process.

Your Rights Under ERISA***Basic ERISA Rights***

In 1974 the President of the United States signed into law the Employee Retirement Income Security Act (ERISA). ERISA spells out certain basic rights for all employees. These rights are:

- You can examine, free of charge, all official documents related to the plans (such as insurance contracts, annual reports, plan descriptions and any other plan documents or reports that ERISA gives you the right to review). Copies of these documents can be examined in your plan administrator's office, or your manager can suggest another location where you can review them. You must write to the plan administrator and request to examine the documents.

- If you want to, you can get copies of these plan documents by writing the plan administrator. You will have to pay a reasonable charge to cover the cost of making copies.
- You can also get a statement that tells if you have a right to receive a pension at your normal retirement date. The statement shows what your benefits would be at retirement age if you stopped working now under the plan. If you do not have the right to a pension, the statement tells you how many more years you must work to earn this right. You must request this statement in writing. FedEx is not required to provide this statement more than once in each 12 months.
- If your claim for plan benefits is partially or totally denied, you must receive a written explanation of the reason for denial. You have the right to have the plan review and reconsider your claim.

No one, including FedEx, may fire you or discriminate against you in any way to keep you from getting a benefit or exercising your ERISA rights.

Plan Information

As a plan participant, you receive the following information:

- Yearly summary of financial reports of trustee or insured benefit plans
- Summary of any important changes affecting each plan within 210 days after the end of the plan year in which the changes are made
- Completely updated summary description of each plan at least every five years; if changes are made after you receive this book
- Complete summary description of each benefit plan at least every 10 years, even if no changes are made

Fiduciary Responsibilities

Besides giving you special rights as a plan participant, ERISA places certain duties on the people who operate your employee benefit plans. These people are called *fiduciaries*. They must act prudently and in the interest of you and other plan participants and beneficiaries:

Requesting Plan Materials – Your Rights

After requesting plan materials, if you do not receive them within 30 days, you have a right to file suit in a federal court. The court can make the plan administrator provide the materials and pay you up to \$100 a day until you receive the materials, unless they were not sent for reasons beyond the control of the plan administrator.

If you have a claim for benefits that is partially or completely denied or ignored, you may file suit in a state or federal court. If the plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court decides who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if the court finds your claim is frivolous).

Additional Information

If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210.

Special Provisions with Respect to Employees of FedEx Corporation, FDX Logistics, Inc., and Employees Transferring Between Designated FDX Companies

If you are a permanent full-time employee of FDX Corporation, you will be eligible to participate in the following benefit plans or programs:

- Group Health Plan
- Basic Life Insurance
- Optional Life Insurance
- Survivor's Income Benefit Plan
- Basic Accidental Death and Dismemberment
- Optional Accidental Death and Dismemberment
- Business Travel Accident
- MED-QUEST
- People Help
- LifeWorks
- Dependent Care Reimbursement Account
- Health Care Contribution Account
- Catalog Store
- Corporate Travel
- Credit Association
- Discount Shipping
- Employee Stock Purchase Plan
- Jumpseat

If you are a permanent full-time employee of FDX Logistics, Inc., you will be eligible to participate in the following benefit plans or programs:

- Group Health Plan
- Basic Life Insurance
- Optional Life Insurance
- Survivor's Income Benefit Plan
- Basic Accidental Death and Dismemberment
- Optional Accidental Death and Dismemberment
- Business Travel Accident
- MED-QUEST
- People Help
- LifeWorks
- Dependent Care Reimbursement Account
- Health Care Contribution Account
- Catalog Store
- Credit Association
- Employee Stock Purchase Plan
- Discount Shipping

If on or after February 1, 1998 you became an employee of FedEx, FDX Corporation or FDX Logistics, Inc. immediately after you were employed by another FDX company – either FedEx, Caliber System, Inc., FDX Supply Chain Services, Inc. (formerly Caliber Logistics, Inc.), Caliber Technology, Inc., RPS, Inc., Roberts Express, Inc. or Viking Freight, Inc. (collectively, the "Controlled Group Members") – the following paragraphs outline certain special provisions that apply to your participation in the benefit plans described in this book.

If you are a permanent full-time employee of FedEx, FDX or FDX Logistics, you will be eligible to participate in the Short Term Disability Plan and the Long Term Disability Plan on your date of employment if, immediately prior to your date of employment, you had completed 180 days of employment with either FedEx, Caliber System, Inc., FDX Supply Chain Services, Inc. (formerly Caliber Logistics, Inc.), Caliber Technology, Inc., RPS, Inc., Roberts Express, Inc. or Viking Freight, Inc. (collectively, the "Controlled Group Members").

If you are a permanent full-time employee of FedEx, FDX or FDX Logistics, you will be eligible to participate in the Pension Plan and the Profit Sharing Plan on your date of employment if, immediately prior to your date of employment, you were employed by another of the Controlled Group Members, you had attained age 21, completed at least one Year of Service with the Controlled Group Member, and were an active participant in at least one of the following plans: Federal Express Corporation Employees' Pension Plan, Federal Express Corporation Profit Sharing Plan, Caliber System, Inc. Stock Bonus Plan, Caliber System, Inc. 401(k) Savings Plan, Caliber System, Inc. Pension Plan and Viking Freight, Inc. Pension Plan. Your Years of Service with Controlled Group Members will also be counted toward your total Years of Service for vesting purposes under the Pension and Profit Sharing Plans.

Permanent part-time employees of FDX or FDX Logistics will only be eligible to receive those benefits described for permanent part-time employees in the YEB. As is the case for permanent full-time employees, Years of Service completed with any Controlled Group Member will be counted for purposes of determining plan

eligibility, and, with respect to the Pension and Profit Sharing Plans, for purposes of determining vesting.

Additionally, if you are either a permanent full-time or permanent part-time employee of FedEx, FDX or FDX Logistics, you will be eligible to receive retiree health coverage under the Federal Express Corporation Group Health Plan if you retire or terminate your employment with FedEx, FDX or FDX Logistics after satisfying the following conditions:

- (1) immediately prior to your employment with FedEx, FDX or FDX Logistics, you were employed by another Controlled Group Member; and
- (2) Either:
 - (a) If you were employed with either of the Controlled Group Members before

January 1, 1988, you must complete at least ten (10) years of continuous permanent full-time or permanent part-time employment with either of the Controlled Group Members after you attain age 45, or

- (b) if you were employed with either of the Controlled Group Members on or after January 1, 1988, you must complete at least twenty (20) years of continuous permanent full-time or permanent part-time employment with either of the Controlled Group Members after you attain age 35.

Plan Participation

The following table gives basic information about eligibility and contributions for specific benefits.

Benefits at a Glance

Benefit	Description	Employee Eligibility	Who is Eligible for Coverage	Participating Employers Contribute	You Contribute
Group Health	Medical, dental, mental health/substance abuse, vision and prescription drug coverage. Health option depends on your geographic location. See pages 30-41 for description of benefits	Permanent full-time: First day of active work Permanent part-time: 91st day of permanent continuous part-time service For Hawaii: 29th day of permanent continuous part-time service	Employee is covered automatically for group health benefits and dental. Can elect coverage for eligible dependents under group health. Vision care benefits Employee Only	For most health options, entire cost of your coverage and a large part of the cost of dependent coverage	Part of the cost of dependent coverage and for some options, part of the cost of your coverage
People Help	Employee Assistance Program	Permanent full-time and permanent part-time: First day of active work	Employee and dependents and all household members	Entire cost	N/A
Dependent Care Reimbursement Account (DCRA)	Salary deferral plan for child care and elder care services or care for a disabled spouse or dependent while employee is working	Permanent full-time and permanent part-time: First day of active employment or annual enrollment	Employee may defer salary for expenses for children under age 13; or child, spouse, parent or other dependent for tax purposes, who is mentally or physically incapable of providing own care	N/A	Total amount allocated through use of pretax salary deferrals
Health Care Contribution Account	Salary deferral plan for any required payroll deductions for health coverage	Same as Group Health	Employee is automatically enrolled if participating in health option requiring contributions for Employee Only coverage and/or dependent health coverage but may waive participation	N/A	Total amount allocated through use of pretax salary deferrals
Short Term Disability (STD) Plan	Earnings replacement for periods of disability up to 26 weeks	Permanent full-time only: First day after 180 days of cumulative active permanent full-time service Permanent part-time in Hawaii, New York and New Jersey: For statutory non-work-related claims	Employee only	Entire cost	In NY, NJ and Hawaii employees may be required to contribute for state mandated coverage.

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Benefits at a Glance

Benefit	Description	Employee Eligibility	Who is Eligible for Coverage	Participating Employer's Contribution	You Contribute
Long Term Disability (LTD) Plan	Earnings replacement if disabled due to illness or injury for periods exceeding 26 weeks. See pages 118-123 for description of benefits	Permanent full-time only: First day after 180 days of cumulative active permanent full-time service	Employee only	Entire cost	N/A
Corporate Pilots' Supplementary Disability Coverage	Supplemental LTD earnings replacement	Permanent full-time: After one year of active service in such designation	Employee only	Entire cost	N/A
Basic Life Insurance Plan	Basic Life Insurance equal to one and one-half times employee's basic annual salary up to a maximum of \$100,000	Permanent full-time: First day of active work Permanent part-time: 91st day of permanent continuous part-time service	Employee only	Entire cost	N/A
Optional Life Insurance Plan	Additional life insurance for employee and eligible dependents. See page 133 for available amounts	Permanent full-time: First day of active work Permanent part-time: 91st day of permanent continuous part-time service	Permanent full-time employee and eligible dependents	N/A	Entire cost
Survivor's Income Benefit (SIB) Plan	Regular monthly income (30%-40%) for surviving spouse and eligible children	Permanent full-time only: First day of active work with eligible dependents	Full-time employee only	Entire cost	N/A
Basic Accidental Death and Dismemberment (AD&D)	Additional \$15,000 of life insurance for full-time employees and \$5,000 for part-time employees in case of death resulting from an accident. Percentage of death benefit paid for specified covered loss. See pages 136-138 for details	Permanent full-time: First day of active work Permanent part-time: 91st day of continuous part-time service	Employee only	Entire cost	N/A
Optional Accidental Death and Dismemberment (Optional AD&D)	Additional insurance for employee in case of death resulting from an accident. Spouse and dependent children can be covered. Percentage of death benefit paid for specified covered loss. See pages 139-144 for details	Permanent full-time only: First day of active work	Enrolled employee and eligible dependents	N/A	Entire cost
Business Travel Accident Plan	Insurance providing \$150,000 for death, dismemberment or paralysis due to accident while flying in a Company aircraft or traveling on Company business	Permanent full-time and part-time: First day of active work	Employee, spouse, and dependents on company-paid business or on Company aircraft	Entire cost	N/A

Benefits at a Glance

Benefit	Description	Employee Eligibility	Who Is Eligible for Coverage	Participating Employers' Contributions	You Contribute
Pension Plan	Provides a specific monthly benefit based on pensionable earnings and years of service. You are eligible for Normal Retirement benefits at age 60 or reduced benefits as early as age 55.	The June 1 or December 1 after you: • reach age 21, and • reach the first anniversary date of your employment, and • receive credit for at least 1,000 hours of service during your first year of employment or any plan year thereafter in which you earn 1,000 or more hours, provided you have reached age 21	Employee only	Entire cost	N/A
Profit Sharing Plan	Employer contributions based on Corporate performance and RSP and OSP Accounts.	Automatically enrolled June 1 or December 1 after you: • reach age 21, and • reach the first anniversary date of your employment, and • receive credit for at least 1,000 hours of service during your first year of employment or any plan year thereafter (See pages 162-163 for eligibility information for employees transferring from another FDX company.)	Employee Only	Entire Amount	See Voluntary RSP & OSP Accounts
• Retirement Savings Plan (RSP) Account	401(k) tax-deferred account that allows employees and FedEx to share in saving for retirement. Contributions and earnings are tax deferred until withdrawn.	Same as PSP. You must enroll to contribute. (See page 163 for enrollment details.)	Employee Only	50% company matching contributions up to \$500 per plan year	Entire amount, except for matching. You may contribute up to 15% of eligible compensation, subject to certain IRS and plan limits.
• Optional Savings Plan (OSP) Account	After tax savings account to allow employees to save even more for retirement or long-term needs. Earnings on savings are tax deferred until withdrawn.	Same as for RSP	Employee Only	N/A	Entire amount. You may contribute up to 5% of eligible compensation, subject to certain IRS limits
Social Security	Federal program	First day of active work	Employee Only	Half the cost	Half the cost
Workers' Compensation	Replacement income and medical benefits if you become ill or injured on the job at FedEx and the illness or injury qualifies for benefits based on your state's law	First day of active work	Employee	Entire cost	N/A
Tuition Refund Program	Reimbursement covering tuition for specified education	First day of active work	Employee Only	Entire cost	N/A

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Benefits at a Glance

Benefit	Description	Employee Eligibility	Who Is Eligible for Coverage	Participating Employers Contribute	Job Contribution
LifeWorks® Employee Resource Program	Referral and resource service providing information to assist with personal/work/life issues	First day of active work	Employee and eligible dependents	Extra cost	N/A

Plan Termination

The U.S. Department of Labor requires the following statement about the possibility that the plans described in this book may be terminated.

FedEx has established the plans with the expectation that they continue indefinitely. However, unforeseen circumstances or those beyond the control of FedEx (for example, bankruptcy, merger or serious business reversal) may make it impossible or inadvisable to continue one or more of the plans.

FedEx reserves the right to terminate, modify or suspend any or all benefit plans as listed on pages 2 and 3. If such steps are taken, you will be informed of the effect of the changes on your rights to benefits.

Status of Benefits

If a plan is terminated, the following applies to the status of its benefits:

- If the plan provided benefits insured by an insurance company (e.g., group life insurance), the status of benefits is governed by the terms of the insurance policy.
- If the plan provides benefits through a trust that is a voluntary employees' beneficiary association (i.e., LTD and the Group Health Plans), the assets of the trust are used to pay plan benefits until those assets are exhausted.
- If the Profit Sharing Plan terminates, each participant is entitled to a distribution of his Profit Sharing Account balance, including RSP and OSP Account balances, according to the value of the account on the termination date.
- If the Pension Plan terminates, all participants' accrued benefits become 100 percent vested to the extent they are funded. Subject to approval by the Pension Benefit Guaranty Corporation, the assets of the plan are allocated and distributed in the following order:

(1) First, to persons receiving or eligible to receive annuity payments from the plan 36 months before the date the plan is terminated. (The five-year period dating back from the termination date is examined to determine whether or not retirement benefits were figured under different formulas. If so, the method providing the smallest benefit is used.)

(2) Second, to all benefits insured by the Pension Benefit Guaranty Corporation.

(3) Third, to all other vested benefits.

(4) Fourth, to all other benefits payable under the plan.

If plan assets cannot satisfy in full the benefits of everyone in (1) and (2), they are prorated among them on the basis of the present value of their respective benefits as of the termination date. If there are not enough assets to satisfy in full the benefits of the individuals in (3), their benefits are calculated according to the provisions of the plan in effect five years before the termination date. If the benefits figured under that method still exceed the available plan assets, they are figured under the terms of the most recent amendment to the plan that satisfies these benefits.

Any residual assets of the Pension Plan may revert to the Company if not prohibited by any state or federal law and if all liabilities to participants, retirees and beneficiaries have been satisfied in full.

Pension Benefit Guaranty Corporation

If the Pension Plan should end, your benefits are insured by the Pension Benefit Guaranty Corporation (PBGC), a governmental body that insures payment of plan benefits under certain circumstances. The Profit Sharing Plan (including RSP, OSP and ESOP) is not insured by the PBGC. These plans are defined contribution plans, which the PBGC does not insure.

Benefit Guarantees

Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of protection has certain limits.

The PBGC guarantees vested benefits at the level in effect on the date the plan ends. However, if a plan has been in effect less than five years before it ends, or if benefits have been increased any time within five years before the plan ends, the entire amount of the vested benefits or the benefit increase may not be guaranteed. Also, there is a ceiling on the amount of monthly benefit that the PBGC guarantees. This ceiling changes from time to time.

Where to Get More Information

For more information on PBGC insurance protection and its limits, contact your plan administrator, or the PBGC at the address shown below:

The Office of Communications, PBGC
Administrative Review and Technical
Assistance Division
1200 K Street, N.W.
COCOA Suite 930
Washington, D.C. 20005-4026

Or, you may call the PBGC Office of Communications at 202-326-4040.

Long Term Disability (LTD) Plan

Eligibility

You are eligible to receive Long Term Disability (LTD) benefits if:

- You are a permanent full-time employee of FedEx or any participating employer who has completed 180 calendar days of cumulative active permanent full-time employment and whose terms and conditions of employment are not covered by a collective bargaining agreement (unless the agreement specifically incorporates this plan)

You are not eligible to receive LTD benefits if:

- You are a permanent part-time employee
- Your employment is classified as casual, temporary, work study, restricted schedule, or any other classification that is not permanent full-time or permanent part-time
- You are on a personal, family (other than for your own illness), unapproved disability or other leave of absence
- Your disability results from chemical dependency (alcohol or drugs)
- Your disability is not covered by the STD Plan, including failure to timely file a claim for STD benefits (except officers)
- Your disability results from one of the plan exclusions listed in "LTD Exclusions" on page 121

Enrollment

Enrollment in the plan is automatic.

When Coverage Begins

If your disability continues beyond the end of STD benefits and you meet the requirements of the LTD Plan, you will be eligible for LTD benefits.

Your Cost for Coverage

LTD is provided at no cost to you; the participating employers pay the full cost of this plan. Employees in certain states may be required to contribute for statutory coverage. Contact your manager or state disability program for details.

Steps to Take to File an LTD Claim

- (1) The claims paying administrator, Kemper National Services, initiates the LTD process at the appropriate time and requests documentation from your health care professional. You are responsible for notifying Kemper and your manager of any address change during a period of disability.
- (2) Call your manager to tell him or her that your disability is expected to be longer than the STD benefit period. Verify with your manager that your name and address are up-to-date in PRISM. Your manager will then update PRISM, placing you on LTD status.
- (3) Call all other disability benefit programs under which you may be eligible for benefits, including Social Security and any state plan.
- (4) Call your doctor and authorize him or her to verbally release information concerning your LTD claim to Kemper's disability case manager through verbal or written inquiries.
- (5) Once Kemper notifies you concerning your benefits, call your manager to provide current dates of continued disability throughout your disability period.

A Look at the Benefits

LTD offers benefits for two types of disabilities:

- Occupational disability** – When you cannot do your job with FedEx because of physical or mental illness, which may also include loss of required licensing to perform your job.
- Total disability** – When, because of physical illness, you cannot engage in any compensable employment for 25 hours per week for which you are reasonably qualified or could reasonably become qualified on the basis of your ability, education, training or experience.

LTD benefits provide 60 percent of your basic monthly earnings. The maximum monthly payment is \$7,500. For the LTD Plan, monthly earnings are your basic rate of pay. They include geographic pay differential and License Premiums. They do not include commissions, bonuses, overtime pay, incentive pay, expatriate premiums and bonuses, or any other type of nonrecurring or discretionary compensation. Monthly earnings include geographic pay differential and License Premiums. They do not include commissions, bonuses, overpay, incentive pay, expatriate premiums and bonuses, or any other type of nonrecurring or discretionary compensation.

Monthly benefit checks are mailed to your home address. You are responsible for ensuring that changes to your home address are in PRISM. Kemper will mail all disability checks and correspondence to the address listed on the HOME screen in PRISM. Please notify Kemper if your address changes during a period of disability.

Benefit Offset

LTD benefits are reduced by any amount you are entitled to receive from:

- Workers' Compensation or any similar law
- State-mandated disability benefits (e.g., California, Puerto Rico and Rhode Island)
- Other FedEx plans that provide disability benefits
- Federal Maritime Law
- Social Security income for age or disability
- Amounts paid from other sources due to any injury while on active military reserves or National Guard duty
- Other earned income from another employer

How the Offset Works

If the total benefit from these sources is less than your LTD benefit payment, the LTD Plan pays the difference, up to 60 percent of your monthly earnings. In some cases, LTD benefits may not be payable because the income from these sources exceeds 60 percent of your monthly earnings.

Refer to "Reimbursement Subrogation (Third Party Responsibility)" on page 122 for information on subrogation (third party responsibility and other employment/self-employment compensation, and "Significant Objective Findings (Proof of Disability)" on page 120 for information on significant objective findings that may stop your LTD benefits.

Example

If Workers' Compensation pays you 66 2/3 percent of your average weekly wage, no benefits would be paid from the LTD Plan. This is because LTD pays the difference up to 60 percent of your monthly earnings – the total of the two benefits cannot exceed 60 percent.

You are responsible for applying for these other benefits. LTD benefits will not be paid if you failed or refused to apply for these other benefits within the time and manner required. LTD will offset these benefits as though you did apply for and receive them. Also, you are required to appeal any denials from these sources to the full extent permitted by law.

Social Security

You may be asked to apply for Social Security Disability Income (SSDI) by Kemper. You are responsible for applying for these benefits and submitting proof of application. Failure to submit this information could result in LTD benefits being reduced by an estimated offset.

You are also required to appeal any denials from these sources to the fullest extent permitted by law. If you receive a retroactive award from the Social Security Administration, you are required to notify Kemper immediately and to reimburse FedEx for any overpaid amounts. You are also required to notify Kemper if you are receiving Social Security payable because of age.

Other Employment/ Self-Employment Compensation

In most cases, compensation or remuneration earned from employment other than with FedEx or while self-employed reduces your LTD benefits.

- If you were employed by an employer other than a participating employer for at least one calendar year before your disability began, your LTD benefits will be reduced by 50 percent of any increase in earnings from your other employment.
- If you become employed by an employer other than a participating employer during your disability, your LTD benefits will be reduced by 50 percent of the entire amount earned from your other employment.

However, in either case, the combined amount you receive from LTD and the other source can be no more than 100 percent of your regular predisability monthly earnings. If the combined amount exceeds 100 percent of your regular predisability earnings, your LTD benefit will be reduced, or cease, if applicable.

Temporary Return to Work (TRW) Program

If your health care professional permits you to return to work with temporary restrictions and limitations, you may be required to work in the Temporary Return to Work (TRW) Program. Refer to the "Temporary Return to Work (TRW) Program" section beginning on page 124 for more information.

Significant Objective Findings (Proof of Disability)

Significant objective findings of a disability are necessary to substantiate the period of time your health care professional indicates you are disabled. Significant objective findings are those that can be observed by your health care professional through objective means, not just from your description of the symptoms. Objective findings include:

- Medical examination findings
- Test results
- X-ray results
- Observation of anatomical, physiological or psychological abnormalities

Pain, without significant objective findings, is not proof of disability.

A health care professional is a licensed practitioner of the healing arts who acts within the scope of his or her profession, as regulated by the state, and who is not related to you.

You are responsible for ensuring that your doctor provides information requested by Kemper. For more disability information, refer to "Significant Objective Findings (Proof of Disability)" above. The reviewing physician for Kemper makes the final determination regarding disability authorization.

When Benefits Begin

Your LTD benefit payments begin once you have exhausted your medical absence (or STD benefit period except officers). Your disability must be due to illness, disease or injury. You must be under a health care professional's care during the entire disability period and must submit medical proof of disability. Proof of disability is required even when no disability payment is being made - i.e., when benefits from other sources exceed the LTD Plan

benefit. This allows continued LTD eligibility if benefits from the other source(s) end.

If you have an occupational disability and all plan provisions are met, LTD payments will continue until the end of your occupational disability or for a maximum of 24 months.

If you have a total disability and all plan provisions are met, LTD payments continue until either the day you are no longer totally disabled or the day you reach age 65, whichever comes first. If you are age 60 or older when your disability begins, LTD payments will be paid for five years provided all requirements under the plan have been satisfied.

Significant objective findings of a disability are necessary to substantiate your period of disability. In addition, you will be asked to submit proof of your continuing disability during your LTD period. For more information, refer to "Continuing Proof of Disability" on page 121.

Recurring Disabilities

Same Condition Within 180 Calendar Days of Returning to Work

If your period of disability ends, a recurring disability period begins when you have a relapse from the same or a related cause(s) within 180 calendar days of returning to active, permanent full-time work. Your benefits continue as though they had not stopped and are considered one period of disability. Since LTD benefits resume, you are not eligible for additional medical absence pay. This does not apply if the disability is caused by chemical (drug or alcohol) dependency or abuse, in which case you are not eligible for LTD benefits.

You must contact Kemper to report a recurring disability period.

New Disability Periods

Same Condition After 180 or More Calendar Days of Returning to Work or Different Condition

If your period of disability ends, a new disability period will begin if you become disabled:

- By a different and unrelated cause(s) and you return to active, permanent full-time work for at least one full day; or

- By the same or related cause(s) and you return to active, permanent full-time work for a period of 180 or more days.

Since either of these would be considered a new disability period, you are eligible for additional medical absence pay and a new STD period. This does not apply if the disability is caused by chemical (drug or alcohol) dependency or abuse, in which case you are not eligible for a second period of disability.

You must contact Kemper to report a new disability period.

Continuing Proof of Disability

You must remain under the care of a health care professional during the entire period of your disability. Kemper determines when additional substantiation is needed and requests this information verbally from your physician. If your physician will not provide this information by telephone, then a written request will be made. If the medical information provided by your physician does not substantiate that a disability exists, you may be required to have an independent medical examination. You will be given at least 72 hours notice of this independent medical examination, and benefits will be terminated if you fail to attend, or fail to fully participate in the examination.

If you fail to submit the information Kemper requests, or fail to authorize the release of information, your LTD benefits will be terminated. You may also be terminated from employment at FedEx. Refer to the applicable policies and procedures in the People manual for more information.

LTD Exclusions

LTD benefits are not paid for certain disabilities. You will not receive LTD benefits for any disability caused by:

- Injury or illness that occurs while you are on a personal, family (other than your own illness), unapproved disability or other leave of absence
- Cosmetic surgery, unless caused by an accidental injury that occurs while you are a permanent employee and for which treatment began within 90 days of the injury
- Intentionally self-inflicted injuries, while sane or insane

- Reverse sterilization procedure
- Certain medical fertility procedures according to Kemper's guidelines, including but not limited to:
 - Artificial insemination
 - In vitro fertilization
 - Gamete or zygote intrafallopian transfer
 - Similar procedures
- Radial keratotomy or similar procedures
- Gender change treatment
- Chemical dependency (drug or alcohol) abuse
- Flying a prototype or test aircraft, unless in the course of employment at FedEx
- Flying in an aircraft for crop dusting, spraying or seeding
- Service in the armed forces of any country while at war, declared or undeclared, or any act or hazard of war unless the covered employee is an expatriate or on temporary assignment in a war area on FedEx business
- Participation in a serious criminal act that the administrator determines, in its sole and exclusive discretion, would be a felony

You also will not receive LTD benefits for the following:

- Any disability that occurs before your effective date of coverage and your completion of the cumulative 180 calendar day active service period from your permanent full-time employment date
- Any illness, injury or disease that happens during or is caused by skydiving, hang gliding or piloting a hot air balloon or lighter-than-air or ultra-light aircraft

When Benefits End

Your benefits end on the earliest of the following:

- The day you recover from your disability
- The day you are no longer under the direct care and treatment of a health care professional
- The day your employment is terminated

- After receiving 24 months of benefits under this plan, if your disability is an occupational disability or is due to a mental impairment or nervous condition
- The day you reach the maximum benefit age
- The day you fail to furnish or authorize the release of requested medical information within the time specified by Kemper
- The day you fail to participate fully in an independent medical exam
- The day you fail to follow treatment prescribed to restore your condition to maximum medical improvement as defined in "Permanent Restrictions, Limitations and Lump-Sum Payments" on page 123
- The day you return to work for your employer in a permanent position
- The day you refuse to return to work in a Temporary Return to Work (TRW) position
- The day you fail to seek restoration of required license to return to work or fail to do anything requested by Kemper
- The day the LTD Plan ends

When Coverage Ends

Your LTD coverage ends on the earliest of the following:

- The day you are no longer a permanent full-time employee of a participating employer, including retirement or death
- The day the Company discontinues the LTD Plan
- The day your employment is suspended (if employment is later reinstated, a claim for LTD benefits may be made)
- The day your terms and conditions of employment are covered by a collective bargaining agreement, unless the agreement specifically incorporates the LTD Plan
- The day you cease to meet the definition of an eligible employee

Tax Considerations

LTD payments are subject to federal income tax, which is automatically withheld by Kemper. LTD

payments for time worked in a Temporary Return to Work (TRW) position are also subject to FICA. If you return to full disability after working TRW, FICA will be withheld for six full months following your return to full disability. Kemper deducts any mandatory withholdings and issues the W-2 form directly to you. Tax tables are updated annually.

Deductions from Your LTD Benefits

LTD benefits are subject to mandatory taxes such as federal income tax, and any legal order, such as garnishments, attachments and tax levies, that require a deduction. Voluntary deductions, such as those for the Credit Association and the Profit Sharing RSP/OSP, are not withheld from LTD benefits.

Refer to "Coverage During Leave of Absence - Medical, Disability, Workers' Compensation" on page 207 for information on how a disability leave of absence affects your health, life and other benefits.

Reimbursement Subrogation (Third Party Responsibility)

If your illness or injury is caused by the actions of a third party, payment of your expenses is the responsibility of that third party. However, eligible disability benefits initially will be paid by your disability plans as long as you sign an agreement, as described below, requiring you to reimburse the FedEx plan for benefits paid. Therefore, if you receive payment from the third party, FedEx expects 100 percent reimbursement for any plan benefits paid. If the payment you receive from the third party, less your attorney's fees and other legal expenses (net recovery), is not enough to reimburse benefit payments at 100 percent, you must still reimburse your FedEx plan 100 percent of what is left after paying your attorney's fees and other legal expenses. The FedEx Plan shall have the first right of recovery from any amounts that you receive from any third party, regardless of whether these amounts were received by settlement or judgement, and regardless of whether you have been "made whole" by the amounts that you have received.

You are required to sign an agreement acceptable to FedEx in which you agree to repay any money paid to you as plan benefits. If you do not sign this agreement, benefit payments from your FedEx disability plans will be stopped. And if you do not honor this agreement, future benefit payments to you

will be withheld until the entire amount due is reimbursed. In addition to withholding future benefits, FedEx may take any other legal action it deems appropriate, such as suing you for the full reimbursement amount. The agreement in substantially the form you will be required to sign, is printed on pages 37 and 38 in the *Health Care – Medical, Prescription Drug, Dental and Vision Benefits* chapter. Please read it carefully and note that it applies to payments you have received or will receive and to future benefit payments that will be made from the plan related to the same disability.

If you do not honor the agreement to reimburse your FedEx disability plans for any benefits you receive from a third party, FedEx can take legal action against you. In this case, you are solely responsible for paying all legal expenses. The amount of the reimbursement is not reduced because of legal expenses you incur because you do not honor the agreement.

Permanent Restrictions, Limitations and Lump-Sum Payments

If it is medically determined that you have permanent restrictions and limitations from your illness or injury, that you are not totally disabled as described in "A Look at the Benefits" on page 118, and that you are expected to be permanently incapable of performing the essential duties of your job, personnel policy and procedure set forth in the People manual provides that during the 90-day period after such a determination, you should seek employment using FedEx's career opportunity postings. If no job has been attained by the end of 90 days, a lump-sum payment of the present value of any remaining benefits available for your 24-month occupational disability will be paid after your employment is terminated. During the 90-day period, FedEx's local and Corporate Human Capital Management Committees will ensure that all requests for reasonable accommodations are considered for your job placement. You have the option to voluntarily resign any time during the 90-day period. Upon voluntary resignation, the lump-sum payment will be made by Kemper in the next scheduled LTD payment cycle.

The present value of the remaining occupational disability payments is the total of future disability benefits at today's dollars. The lump-sum payment is less than the total benefits that would have been paid to you because it is paid in advance rather than

monthly, over time. See your manager, the Human Capital Management Program (HCMP) manager or personnel representative for details about job placement, time limitations and employment status. Refer to the People manual for complete details.

Normally, you are not eligible for TRW if you are determined to have permanent restrictions and limitations that prevent you from returning to work in your regular job. Your efforts during the 90-day job search period should be directed toward seeking permanent job placement within your permanent restrictions and limitations.

Refer to the *What to Do When* chapter for information on how disability affects your other benefits and how certain events, such as retirement, affect your coverage under this plan.